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The Railroads and Human Nature

Address

OF

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The Railroads and Human Nature

Mr. Toastmaster and Gentlemen of the Guild:

I appreciate very much the opportunity to appear before this distinguished company. Though I am quite likely to say a number of things with which many of the gentlemen present may not agree, I hope you will understand that I am to be blamed personally for whatever vagaries of fancy I may present for your consideration.

The railroad business up to very recently has been very largely conducted as though it were a house without any windows, somewhat like the Bank of England, mute and inscrutable. The crowd on the streets outside has meanwhile been very suspicious of what was going on in that building, and wondering, even threatening.

With reference to this subject, railroad men to-day can be roughly classified in four categories:

- 1.—Those who believe that the crowd on the outside has no right to see what is going on on the inside, and that there is no reason why there should be any windows in that building.
- 2.—There is another class who have no objections to windows being in the building, but think that even if the people could see what was going on inside, they would not be in the least more favorably inclined in their attitude toward the business.
- 3.—There is a third class who believe it would be a good thing if the public could look in and see what was going on, but they do not believe there is any human method of making the public do the looking.
- 4.—And there is a fourth class who believe in the windows, who believe in the public, and who are making great progress toward a better understanding on the part of those both inside and outside the building.

With reference to the first class, I do not doubt but that the logic of events will be more than persuasive. The people now rule. We have substituted for the divine right of kings, the Divine Right of the Multitude. The Crowd is enthroned. This new sovereign has his courtiers, who flatter and caress precisely as did those who surrounded mediæval emperors. These courtiers are sedulously cultivating the doctrine that to be weak is to be good, and that to be strong is to be bad. The demagogue is abroad in the land, and there are omens that cannot be disregarded.

The railroads are in the midst of a swirling flood of legislation and regulation—most of it punitive and restrictive, little of it constructive and statesmanlike. Last year in 42 state legislatures 1,495 bills regulating railroads were introduced and 230 became law.

Why?

Because the American people have become imbued with certain ideas concerning our railroads, ideas which have a deeply sinister meaning, ideas which have supplied fuel for a flame these courtiers of His Majesty the Crowd have delighted to keep burning.

One of the main reasons we are in the midst of this vortex is that we have failed to take account as railroad men of certain fundamental currents of human nature, which, from time immemorial, have been made the most of by men who have influenced the action of crowds. Railroad men have been standing aside, content to be judged by the machines they were running, not attempting to have themselves regarded as human beings, not making it known that railroads were but composites of human nature. Machines haven't the necessary red blood to arouse multitudes.

The railroad business is very much like, and has always been very much like, every other kind of business. Railroad morality has responded to the general morality of the public, and railroad men have been neither worse nor better than the average run of people at any time.

But somehow or other the public has come to have the idea that three essential evils are imbedded in the railroad business:

1.—The first is that there is a vast amount of watered stock on which dividends are being paid. Now, there is no essential immorality in the existence of watered stock. It is after all a mere business question. It is purely a question of policy as to whether dividends should be permitted to be earned on watered stock. The difference in the effect of watered stock on different publics may be seen in the resulting attitude toward watered stock in this country and in England. In England the Board of Trade reports that the capital obligations of all British railroads is about \$6,675,000,000, and the official returns expressly state that nearly one billion, or about 15 per cent., is "nominal" capital or "water"; and yet in none of the published discussions regarding the railroad problem in England do you observe sinister reference to the "watered" stock.

There is no doubt that the present federal valuation scheme in this country, which is to be so very expensive, would never have been undertaken if it had not been for the very firm belief on the part of the public that dividends were being paid on watered stock.

2.—In the second place, there is a widespread feeling that the railroads are ruled from Wall Street, that a small coterie of bankers in alliance with the so-called "money trust" are absorbing huge profits from the people. I do not think you would ever have had two-cent-fare laws if it had not been for this widespread sentiment. The people in the states felt that by such laws they could retain for the public in their own districts, a portion of the profits which were being absorbed by the absentee owners.

I have an idea the public is today persuaded that the railroads are underpaid for carrying the mail, yet acquiesce deliberately in a continuance of a recognized injustice in itself because the people believe and a large number of congressmen believe, that by restricting the payment for mail they may save to the people some of the undue profits they feel are earned through other railroad operations by these absentee owners.

3.—There is a third idea abroad: That the railroads through their combinations of capital and management exer-

cise undue power over the welfare of the people. A most astounding document was presented to Congress on May 15th, by the Chairman of the House Committee on Interstate Commerce. Must we not take serious notice when the Chairman of one of the most important Committees, representing the dominant party in Congress, pronounces a doctrine so amazingly unsound as this:

"The most vicious thing about all combinations in transportation and all other kinds of business is that while it multiplies the benefits of the few men retained, it dispenses with the services of so many both competent to fill the positions and entitled to the fair emoluments thereof."

On March 29th, Mr. Clifford Thorne, Chairman of the Iowa Railroad Commission, who, no matter what we may think of his views, undeniably represents a large body of public sentiment, made this statement with reference to newspaper reports of railroad economies:

"The discharge of 40,000 men simply proves the colossal power of a few men that can throw 40,000 poor families out of the means of daily sustenance."

I believe you will agree with me that these thoughts are in the minds of a large percentage of our population. That such notions are full of error is no matter; they are there, and it is because of their existence that the very foundations of railroad prosperity in this country are being undermined.

That there has been some reason for some of these popular ideas, no one can deny. But that the railroad business as a whole or in the main has been conducted upon unsound lines, that its managers have not been honest, that its results have not contributed mightily to the wonderful progress of this land, can be emphatically denied. The extraordinary achievements of our railroads, the wonder, as they are, of the industrial world, constitute a fact of overwhelming significance, a fact embodying the effort, the fidelity, the enterprise, the patriotism of ninety-nine out of every hundred men who have given their service to the public through the railroad since the railroad started to run in this country.

Why is it then that the good in the railroads has been hidden, and the bad magnified and distorted out of all pro-

portion? It is because railroad men have neglected the human nature of the situation; it is because loud-tongued politicians have dilated upon the evils while railroad men sat still, attended to their job, and said nothing of the good; it is because railroad men have not insisted in and out of season, and produced the facts to prove it, that, no matter what fly-specks might be pointed out on the wall, the structure itself was safe and solid, and something to be proud of.

From the beginning of history, popular leaders have taken account of the fact that the people in the mass act upon impulses. Such leaders have not been disposed to exaggerate the intellectuality of mankind at large. If railroad men then are to assume the place to which they are entitled as leaders of the public, they must consider these same elements in the psychology of the multitude.

These elements may be briefly described as follows:

1.—In the first place, crowds do not reason. It is impossible to induce a crowd to proceed toward any proposition on a logical basis. John C. Calhoun proved beyond dispute, as a matter of pure reasoning, that the Southern States had a right to secede, but Wendell Phillips came along and preached the doctrine that the slaves should be freed, and that the union must be preserved. It would have been a logical thing to pay the Southern people for their slaves, but we all know that it was not possible to deal with that in that way. You were dealing with crowds.

2.—Again, crowds are led by symbols and phrases. Joseph Chamberlain, when he was advocating the Boer War, achieved his purpose when he dubbed those opposed to him as "Little Englanders." We know that Bryan, through the creation of that extraordinary phrase "You shall not crucify mankind on a cross of gold," did more to advance the free silver cause than all of the other subtle and logical efforts that were ever made to advocate that idea.

3.—Success in dealing with crowds, that success we have got to attain if we are to solve the railroad question, rests upon the art of getting believed in. We know that Henry VIII, by his obsequious deference to the forms of law was

able to get the English people to believe in him so completely that he was able to do almost anything with them. At the present time the German Empire has, as I see it, the most despotic Government and yet the most progressive and the most contented people in Europe, for the reason that the Emperor of Germany is absolutely believed in by his people. So he may do anything he desires, and the people are glad to have him do it. Does anyone question that Mr. Roosevelt's supreme influence while he was President was due to the fact that the American people absolutely believed in him, believed in the purity of his motives and the elevation of his patriotism? Believing in him as they did, they paid no attention to his blunders or to criticisms of him.

4.—The problem of influencing the people en masse is that of providing leaders who can fertilize the imagination and organize the will of crowds. Moses painted a picture of the promised land, and he induced the Israelites to spend forty years of extraordinary hardship under his leadership. Caeser drew a picture of the conquest of Gaul, and so infused the imagination of the Roman populace that they thrice offered him a crown. Napoleon's uncanny power in France was due to his resourcefulness in the appeal to these same elementary crowd-impulses.

These are some of the main-springs of crowd stimulation. They are factors which statesmen, preachers and soldiers have from time immemorial recognized when they sought to lead peoples. My point is that in working out the railroad problem we must take account of these same principles of crowd psychology.

We must, for example, replace with sound phrases and symbols those symbolic words, symbolic terms and phrases that have gotten into the public mind and created a false impression. We have heard a great deal about "full crew" laws. The labor people were very happy in their selection of that term "full crew." Now, if we had referred to that from the beginning as the "extra crew" it seems to me we would have made considerably more headway than we did.

The phrase "What the traffic will bear" has done as much to hurt the railroads as any expression ever used. It is scien-

tifically correct, no doubt, but it conveys a most unfortunate suggestion to the popular mind: the thought that the rate is "*all the traffic will bear*," a suggestion absolutely contrary to the fact.

We can never be too careful in the terms we use. Some-time ago, a certain public service corporation was in great financial difficulties; it could not pay its bond interest. Its skillful President induced its bondholders to agree to a reduction of the rate of interest on the bonds. Their President then announced to the public that there was to be "a readjustment" of the finances of the Company. Now "readjustment of finances" is so much better than saying "Your Company is bankrupt," and no one ever suggested that his company was bankrupt. It was a matter of terms, and we must be careful of the terms we allow to be lodged in the public mind. There is often talk of "educating the public." Now railroad officers themselves are getting a good deal of very helpful "education." It is not a question of "educating the public;" it is a very real question for the railroad man of understanding the public and having the public understand him.

What we say to the public, it seems to me, must be with reference to its effect, and not especially with reference to its logical sequence. You cannot argue with the public. To illustrate, Mr. Roosevelt in his speeches gives us holes through which one can drive a coach and four. Mr. Bryan doesn't reason, but he moves multitudes powerfully. Such men, and quite legitimately, say what they have to say with a view to its effect, the emotional effect upon the imagination of the people they are seeking to reach.

If you will allow a personal allusion, last Spring on the Pennsylvania Lines West of Pittsburgh we prepared a pamphlet descriptive of the work done in restoring the railroads after the floods. To the gentleman who prepared that pamphlet we made this suggestion: "Do not attempt any chronological account of this affair, any logical account. Write what you have to say with the idea of *creating the impression* that the Pennsylvania Lines in this work did one of the greatest jobs of railroading ever performed."

Again, I would suggest there is no gain in pointing out the logical inconsistencies of other people's statements or argu-

ments, however erroneous they may be. If we cannot answer what they say with something that will appeal constructively to the imagination or emotion of the public, with something which will supplant the erroneous statements, it is hardly worth while to go into the case at all. We may say what has been said of a man, that a crowd convinced against its will "is of the same opinion still."

A public to be influenced must feel. Too many railroad announcements are full of cold legal phraseology; they leave the public unmoved. Mr. Brandeis said three years ago that "the railroads could save a million dollars a day." Mr. Brandeis didn't mean that literally, but he knew it would illuminate the public imagination. And he was right in that.

To make the public feel, we must be concrete; we must tell of our work in language the layman can understand. He will not analyze figures. What he wants to know is, are you doing the best you can? Convince him of that, and you don't need to argue details. An experience in the anthracite coal strike of 1906 will illustrate this idea; The miners asked for a standard rate of wages to apply at all collieries. It seemed monstrous to the operators. They, therefore, took the actual pay sheets for certain mines and applied the proposed rates to the actual rates then being paid. They found—and so stated specifically to the public—that in some cases, the men's demand called for wages three times as great as were being paid. That announcement was shown to a railroad president, and he said: "What is the use of putting out anything of that sort? The people want to know about the whole thing, not about a few petty details." He had hardly uttered that suggestion before the evening papers were on the streets with such headings as "Miners ask 150% Increase in Wages." Now, if you will give me the headings, I will give you the articles and the editorials. Any man reading that heading would immediately jump to the conclusion that the miners were a set of hogs. The effect of that was instantaneous. It is true that the article did not describe a general situation; it was, however, a method—the only method—of calling public attention to the essential truth of the case, and that was that the men were making extortionate demands.

With reference to the claim that the railroads are owned in Wall Street: There is no better way to answer that suggestion than to show to the public the number of shareholders railroads have; how they are increasing and the number of women among them; the number of life insurance companies and trustees. That is a statement of fact, of pertinent truth, that produces an effect upon the people's imagination and emotions. It tells its own story, it supplies its own inference; and that is the big point in dealing with such a matter.

Little facts so often carry a convincing thought to the public mind. The public is disposed to take little incidents and to talk about them, and from these small incidents judge the whole. For instance, last winter, the General Manager of our railroad sent out a brief notice to track foremen telling them that the track workers ought, on account of the cold, to have ear-mufflers, but that they should certainly be warned most carefully when trains were approaching.

It is but a part of the day's routine work to send out such a notice, but the publication of that in the newspapers creates the idea in the public mind that the Pennsylvania is taking extremely good care of its men,—which is a fact,—and one little thought of this sort that the public can grasp, is more important than a great many very carefully reasoned arguments.

This necessity to be concrete argues against the establishment of any general railroad publicity bureau. Each railroad should tell its own story to its own constituency. No set of statistics, no generalization as to facts concerning the railroads as a whole, however convincing, will ever find lodgment in the public mind. But the concrete story of how each railroad is performing its obligations to its own community will always be of interest.

And it is here that we must deal with the press. It seems to me we should regard the press simply as the window glass of this house in which, as I conceive it, we have cut out the space for the windows. It is the glass through which the public can see what we are doing. That glass should be clear; it should not color; it should not distort. Therefore, we should make an effort to see to it that what the press publishes about us consists not merely of complimentary notices

about our roads and about our officers, but real facts of consequence. We should see to it that in all matters the public learns the truth, but we should take special pains that it learns those facts which show that we are doing our job as best we can, and which will create the idea that we should be believed in. We must get so many good facts, so many illuminating facts, before the public that they will not magnify the bad. There will always be some bad facts in every business, as long as human nature is frail.

Do not misunderstand me. Nothing is further from my thoughts than to suggest any attempt to prove things are good which are really bad. No one should condone the bad and it should be, as I believe it is, the constant aim of nearly every railroad man to make things better. What I do mean is that we should not neglect the human nature of the situation but should make the most of it; that we should tell our story, tell it frankly, tell it fully, and tell it with a view to its being understood and carrying conviction as to the essential truth.

Unless the railroad men of the country are to get believed in, so that the public will take their advice as to what it should do with reference to railroads, we are not going to make very much headway in the settlement of the railroad problem. The railroad officers of this country deserve public confidence, and they must command it.

Yet look at the extraordinary situation which now prevails. Railroad managers are representatives of one-eighth of the tangible wealth of the United States, and yet not a single man with experience in railroad management is on the Interstate Commerce Commission; none is on any of the State Commissions. A delegation of railroad presidents goes to the Governor of New Jersey, telling him that the passage of the extra crew law is unnecessary and will be a hardship upon the railroads; yet almost before they are out of the Capitol building, the bill is signed. Why is it? There cannot be but one reason and that is that the railroad managers are not believed in by the public.

If we are going to work out this problem properly we have got to be believed in. We have got to get imbedded in the

public mind what is in all truth the supreme fact of the situation, namely, that the railroad men are doing their work as best they can and doing it in the main exceedingly well, doing it better than the railroad business is being done in any other country on the globe. Whenever the public gets that fact into its mind it will give the railroad men opportunity to go ahead full steam.

The crowd craves leadership. If it does not get intelligent leadership, it is going to take fallacious leadership. We know that the leadership which the mob has often received not only in this country but in other countries, unless corrected, is liable to produce disastrous consequences. Is it not supremely worth while, therefore, that railroad officers should take account of those fundamental undercurrents of human nature, take practical steps to obtain the confidence of the public, and assume the leadership which by right of character and ability they are entitled to exercise?

Men utilize skill to produce emotion and opinion in favor of reform and against the wrong; why should not the same process be utilized on behalf of constructive undertakings, on behalf of ideas and principles which do not tear down but really build up?

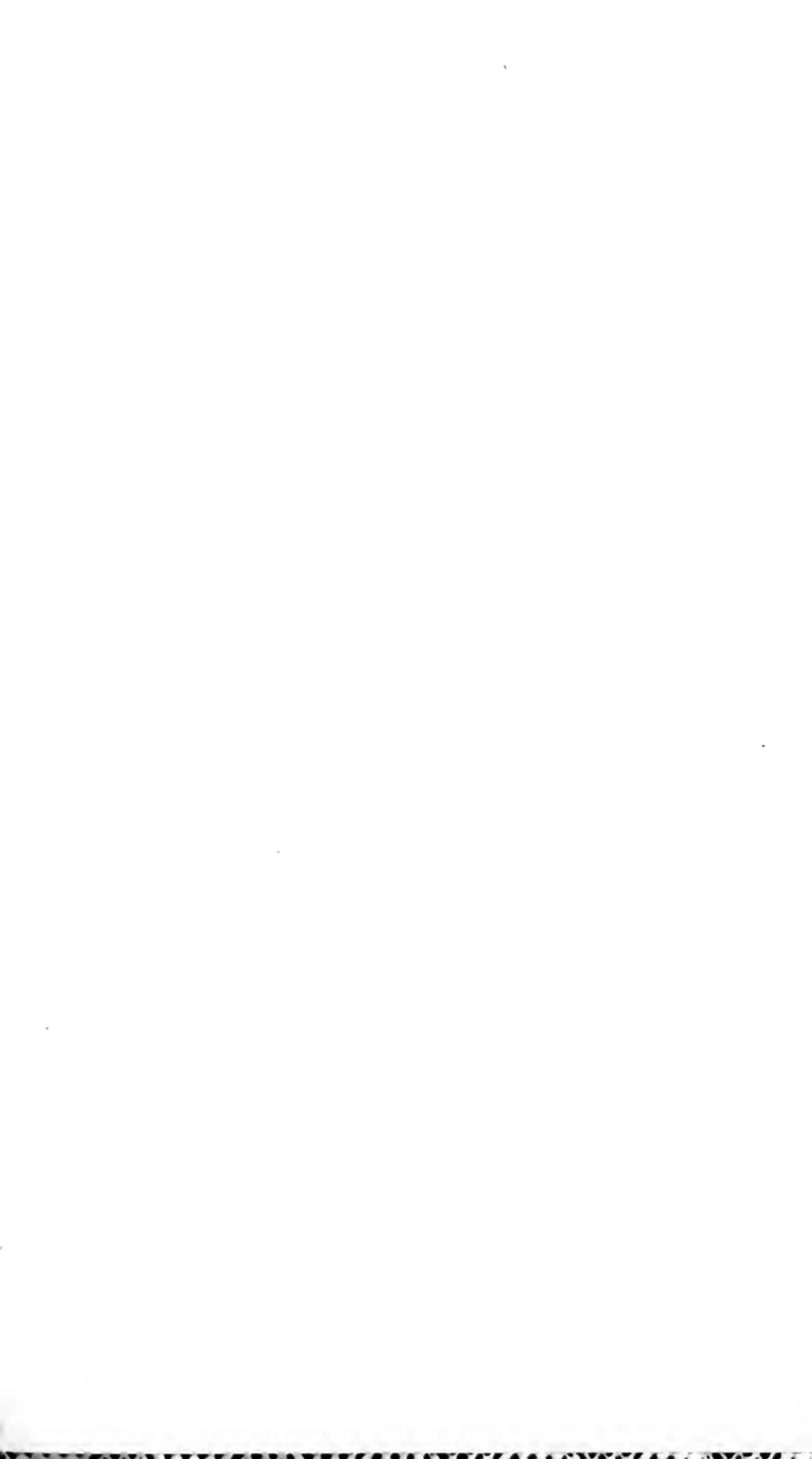
The locomotive to the American youth was and still is the symbol of adventure, of enterprise, of power. Why should it not continue to be? And why should not the men who direct these locomotives be among the chief directing agencies of our progress as a people? Railroad managers now see so much error intrenched, they are inclined to falter and give up; but instead of being doubtful fighters in the rear guard, railroad officers should be stalwarts in a new crusade.

Mr. Masterman, one of the leaders of political thought in Great Britain, says that though the civilization of Rome was destroyed by Goths and Vandals from without, he is not sure but that we have in our Western life the seeds of decay which will wreck our civilization from within.

Is it not indeed likely not only in railroading but in all industrial lines, not alone in this country, but in all western nations, where the same problems are pressing, that it will be

by men of intelligence and ability, directing through such methods as these the great movements of the people along lines of health and greatness, that ours may be saved **that** decadent phase which no civilization has yet escaped?

“We are not here to play, to dream, to drift,
We have hard work to do, and loads to lift;
Shun not the struggle; face it; ‘Tis God’s gift,
Say not the days are evil,—Who’s to blame?
And fold the hands and acquiesce—O Shame!—
Stand up, speak out, and bravely, in God’s name.”





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